



**HOUSING AUTHORITY  
of the County of Los Angeles**

Administrative Office

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**Michael D. Antonovich**  
*Commissioners*

**Carlos Jackson**  
*Executive Director*

February 6, 2008

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE LOAN AGREEMENT WITH CASA DOMINGUEZ, L.P. TO DEVELOP 70  
UNITS OF AFFORDABLE MULTIFAMILY RENTAL HOUSING IN EAST RANCHO  
DOMINGUEZ (2)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Acting as a Responsible Agency for the 70-unit Casa Dominguez affordable multifamily rental housing development (Casa Dominguez), to be located at 15787 South Atlantic Avenue in the unincorporated community of East Rancho Dominguez and in the City of Compton, certify that the Housing Authority has independently considered the attached Environmental Assessment/Mitigated Negative Declaration (EA/MND), prepared by the Community Development Commission as Lead Agency, and reached its own conclusions regarding the environmental effects of the project; and find that the mitigation measures identified in the EA/MND are adequate to avoid or reduce potential environmental impacts to below significant levels.
2. Approve the Loan Agreement, between the Housing Authority of the County of Los Angeles and Casa Dominguez, L.P. (the Developer), a California Limited Partnership, to provide the Developer with \$1,100,000 in Condominium Conversion funds collected in the unincorporated area of Los Angeles County's Second District, to pay a portion of additional construction and permanent financing costs for Casa Dominguez.
3. Authorize the Executive Director to execute the Agreement and all necessary documents, to be effective following approval as to form by County Counsel and execution by all parties.



**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of this action is to approve the Loan Agreement with Casa Dominguez, L.P. to provide additional funding for construction and permanent financing costs for the Casa Dominguez Apartments.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund.

Under the current Agreement with the Developer, \$5,009,411 in HOME funds has been provided for predevelopment, construction and permanent financing of Casa Dominguez as a 55-year, 3% simple annual interest loan, evidenced by a Promissory Note and secured by a subordinated leasehold Deed of Trust, to be repaid from residual receipts generated by operation of the property. Since the initial funding of the project in 2006, the total development cost has increased to \$31,831,975 due to increased construction costs. The current action will provide \$1,100,000 for construction and permanent financing to the Developer, using Condominium Conversion funds collected in the unincorporated area of Los Angeles County's Second District.

A Financial Analysis is provided as Attachment A.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

The Project consists of 10 one-bedroom units, 26 two-bedroom units, 23 three-bedroom units, and 10 four-bedroom units, all of which are affordable to households with incomes that do not exceed 50% of the area median income (AMI), as defined by the U.S. Department of Housing and Urban Development (HUD) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA). Seven of the units are reserved for Emancipated Foster Youth between the ages of 18-24. One three-bedroom unit is provided for the on-site manager and has no affordability requirements. The affordability requirements will remain in effect for 55 years. A request for additional HOME funds will be forthcoming, at which time we will return to the Board of Commissioners of the Community Development Commission for approval.

**ENVIRONMENTAL DOCUMENTATION:**

An Environmental Assessment was prepared for this project pursuant to the requirements of the National Environmental Policy Act (NEPA). Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Community Development Commission on May 11, 2004. Following the required public and agency comment period, HUD issued a Release of Funds for the project on May 30, 2004.

As a Responsible Agency, and in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines, the Housing Authority reviewed the EA/MND prepared by the Commission and determined that the project will not have significant adverse impact on the environment. The Housing Authority's consideration of the EA/MND and filing of the Notice of Determination satisfies CEQA Guidelines as stated in Article 7, Section 15096.

The environmental review record for this project is available for public viewing during regular business hours at the Commission's main office, located at 2 Coral Circle, Monterey Park.

**IMPACT ON CURRENT PROJECT:**

Approval of the Loan Agreement will provide additional construction funding for the project and increase the supply of affordable multifamily rental housing in Los Angeles County.

Respectfully submitted,

  
CARLOS JACKSON  
Executive Director

Attachments: 2

**Attachment A**  
**HOUSING FINANCIAL ANALYSIS**  
**CASA DOMINGUEZ**

The Project consists of 69 units of affordable multifamily rental housing for very low-income households and one manager's unit, and is located at 15787 South Atlantic Avenue in the unincorporated community of East Rancho Dominguez and in the City of Compton.

The following is an analysis of funding for the project:

**Development Phase:**

	<b><u>Total</u></b>	<b><u>Per Unit Cost</u></b>
<b>Sources</b>		
Construction Loan	\$15,742,722	\$224,896
LA County CDBG - Land Acquisition	1,685,000	24,071
LA County HOME	5,009,411	71,563
LA County City of Industry	2,900,000	41,429
LA County Homeless Housing Fund (Proposed)	832,311	11,890
LA County Condo Conversion (Proposed)	1,100,000	15,714
LA County Tax Increment (Proposed)	300,000	4,286
LA County HOME Amendment (Proposed)	950,000	13,571
FHLB/AHP	379,500	5,421
LP Equity	1,695,137	24,216
GP Equity	100	1
Deferred Costs	1,237,794	17,683
<b><u>Total Financing</u></b>	<b><u>\$31,831,975</u></b>	<b><u>\$454,743</u></b>

**Permanent Phase:**

**Sources**

Conventional Loan	\$2,081,515	29,736
LA County CDBG - Land Acquisition	1,685,000	24,071
LA County HOME	5,009,411	71,563
LA County City of Industry	2,900,000	41,429
LA County Homeless Housing Fund (Proposed)	832,311	11,890
LA County Condo Conversion (Proposed)	1,100,000	15,714
LA County Tax Increment (Proposed)	300,000	4,286
LA County HOME Amendment (Proposed)	950,000	13,571
FHLB/AHP	379,500	5,421
California Solar Initiative	307,000	4,386
Deferred Developer Fee	514,134	7,345
LP Equity	15,773,004	225,329
GP Equity	100	1
<b><u>Total Financing</u></b>	<b><u>\$31,831,975</u></b>	<b><u>\$454,743</u></b>

**LOAN AGREEMENT**  
**CONDO CONVERSION FUNDS**

by and between the

**HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic

and

**CASA DOMINGUEZ, L.P.**

a California Limited Partnership

for a loan in the initial principal amount of

**\$1,100,000**

\_\_\_\_\_, 2008

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## LOAN AGREEMENT CONDO CONVERSION FEES

### Transaction Summary

Project Name: Casa Dominguez

Borrower Name: CASA DOMINGUEZ, L.P.

☒ Limited Partnership ☐ LLC ☐ Nonprofit Public Benefit Corporation ☐ Other \_\_\_\_\_

Condo Conversion Fee Loan Amount: \$1,100,000 Interest Rate: 3% simple, 10% Default,

Total Number of Units in Project: 70 Number of assisted units: 69

Location (Jurisdiction): Unincorporated East Rancho Dominguez and City of Compton

Site Acreage: 2.75 acres

Project Type: rental for ☐ Seniors \_\_\_\_ years and older ☒ Families  
☒ special needs (specify: Emancipated Foster Youth.)

Use of Condo Conversion Fee Funds: ☐ Acquisition ☒ Predevelopment ☒ Construction  
☒ Permanent ☐ Collateral Pledge ☐ Rehabilitation ☐ \_\_\_\_\_

Affordability 55 years; No./size of assisted units, income levels: 69 assisted units.\*\*

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
30% Income*		1	3	3	1	8
45% Income*		2	4	4	2	12
50% Income*		7	19	16	7	49
Manager				1		1
Totals		10	26	24	10	70

- \* Area Median Income
- \*\* 7 units reserved for Emancipated Foster Youth

Other Permanent Project Financing Sources / Priority Relative to Commission Loans:

*Note: Final funding amounts are subject to change.*

(1) Conventional Loan	\$ 2,081,515	<input checked="" type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(2) LA County CDBG - Land Acquisition	\$ 1,685,000	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input checked="" type="checkbox"/> parity/NA
(3) LA County HOME	\$ 5,009,411	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input checked="" type="checkbox"/> parity/NA
(4) LA County City of Industry	\$ 2,900,000	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(5) LA County Homeless Fund (Proposed)	\$ 832,311	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(6) LA County Tax Increment (Proposed)	\$ 300,000	<input checked="" type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(7) LA County HOME Amend (Proposed)	\$ 950,000	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input checked="" type="checkbox"/> parity/NA
(8) Tax Credits	\$15,773,004	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input checked="" type="checkbox"/> parity/NA
(9) FHLB AHP	\$ 379,500	<input type="checkbox"/> senior	<input checked="" type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(10) California Solar Initiative	\$ 307,000	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA
(11) Deferred Developer Fee	\$ 514,134	<input type="checkbox"/> senior	<input type="checkbox"/> junior	<input type="checkbox"/> parity/NA

## A G R E E M E N T

### 1.0 HACOLA LOAN.

HACOLA agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the Loan to Borrower, to be used solely for the purposes described herein.

### 2.0 PROMISSORY NOTE; LOAN REPAYMENT.

2.1 Note. As one of the conditions to disbursement of the Loan to Borrower under Section 6 below, Borrower shall execute a Promissory Note (the "**Note**") in the form of Exhibit "C" attached hereto, which Note sets forth terms and conditions for the repayment of the Loan. The Note shall be secured by the "Deed of Trust" as provided below.

2.2 Interest. The disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which such Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("**Basic Rate**"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty- (360-) day year. Notwithstanding the foregoing, and without limiting any other remedy of HACOLA, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("**Default Rate**").

2.3 Payment Dates and Amounts; Term. As set forth in greater detail in the Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2010. Absent prepayment or acceleration, each of the annual payments due March 15, 2007 through and including March 15, 2039 ("**Maturity Date**") shall be in an amount equal to a prorata share of fifty percent (50%) of "Residual Receipts", as defined in the Note, for the prior calendar year. The Residual Receipts shall be calculated and reported to HACOLA annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by HACOLA from time to time. All calculations and records are subject to audit by HACOLA. Notwithstanding any other provision of the Note or of this Agreement, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under the Note shall be due and payable in full on the Maturity Date.

The term of this Agreement (the "**Term**") shall be from the date of this Agreement through and including the Maturity Date; provided, however, that the use restrictions in Section 10 and the nondiscrimination covenants in Section 11 shall extend beyond the Term as provided in those sections.

2.4 Payments Due on Transfer or Refinance. In addition to the payments provided in Section 2.3 above, and subject to the terms of the Senior Financing, Borrower shall pay to HACOLA towards (but not to exceed) any outstanding amounts associated with the Loan, the "Applicable Percentage" of "Net Proceeds" of an "Assignment" and fifty percent (50%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the Note.

### 3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any



**Holder**"). Borrower shall obtain HACOLA's approval of an Escrow Holder and open Escrow not later than [30] days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be shared equally by the Parties.

- (1) Disbursement of loan proceeds for eligible costs may be done outside of Escrow in accordance with the process described in Exhibit M, attached hereto.
- (2) First American Title is hereby approved as the title and escrow company for this transaction.

6.2 The obligation of HACOLA to make disbursements of Loan proceeds under this Agreement shall be expressly subject to satisfaction of all of the following conditions (collectively, the "**Closing Conditions**") on or before the date ("**Closing Deadline**") which is within 30 days following the date of this Agreement:

- (1) Execution of this Agreement by HACOLA and Borrower, and delivery of a fully-executed copy to Escrow Holder;
- (2) Borrower's due execution and deposit into Escrow of the Note;
- (3) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("**CC&Rs**") in the form attached hereto as Exhibit "E";
- (4) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the Deed of Trust;
- (5) Receipt by HACOLA from Borrower of such other documents, certifications and authorizations as are reasonably required by HACOLA, in form and substance satisfactory to HACOLA, evidencing that (i) this Agreement, the Note, the Deed of Trust, the CC&Rs and all other documents given or executed in connection herewith (collectively with this Agreement, the Note, the Deed of Trust and the CC&Rs, the "**Loan Documents**") are duly and validly executed by Borrower and constitute the valid and enforceable obligation of Borrower pursuant to their respective terms, and (ii) execution and delivery of the Loan Documents, and the performances thereunder by Borrower, will not breach or violate any law applicable or governmental regulation nor constitute a default under any instrument or agreement to which Borrower is a party;
- (6) First American Title ("**Title Company**") shall have assured HACOLA in writing that upon recordation of the Deed of Trust there will be provided to HACOLA, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as HACOLA shall reasonably require) issued by the Title Company in the amount of the Loan, insuring HACOLA's interest in the Property as beneficiary under the Deed of Trust, and specifically insuring that the Property is free from stop

individuals and entities executing this Agreement and the other Loan Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Borrower, to the terms hereof and thereof;

- (13) Borrower shall have obtained HACOLA's written approval of a Multi-Party Construction Disbursement Agreement and supplemental instruction to Escrow Holder, if applicable, specifying the applicable payees and uses of Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement.
- (14) Borrower shall have furnished HACOLA and obtained HACOLA's approval of an operating budget and management plan for the Project. The Management Plan shall include a preliminary Operating Budget, in a format mandated by HACOLA, and approved by HACOLA at its sole discretion. In the event the preliminary Operating Budget is proposed for revision, any such revision must be submitted to HACOLA no later than 90 days prior to occupancy of the Project and shall be approved by HACOLA at its sole discretion.
- (15) Borrower shall have furnished HACOLA with a certification from the holders of any of the Senior Financing certifying that such holders consent to the Loan and that Borrower is not in default under any loan comprised within the Senior Financing.
- (16) Borrower shall have provided HACOLA, not later than 90 days prior to occupancy, with affirmative action and community business enterprise plans in form satisfactory to HACOLA.

Not as a Closing Condition, but prior to the commencement of tenant selection for the Project, Borrower shall have obtained HACOLA's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the "Assisted Units" (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available.

6.3 When, and only when, Escrow Holder has confirmed that Closing Conditions (1), (2), (3), (4), (6) and (7) of Section 6.2 above have been satisfied, and has received written certification from HACOLA's Executive Director, or his designee, that all other Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("**Close of Escrow**") by:

- (i) causing the Deed of Trust, the CC&Rs and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;
- (ii) delivering the executed original Note to HACOLA or confirming that HACOLA is in possession of the Note;
- (iii) causing the Title Policy to be issued to HACOLA in the form and amount specified above;
- (iv) disbursing the Loan proceeds to the extent provided for pursuant to the

wage schedules, or other acts or omissions, regardless of whether they are the responsibility of the contractor or the party awarding the contract. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by HACOLA.

9.2 Revenue Disclosures. Borrower shall make available for inspection and audit to HACOLA's representatives, upon seventy-two (72) hours' written request, from time to time during the Term, at Borrower's offices, or, if requested by HACOLA, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports. Upon seventy-two (72) hours' written notice, from time to time during the Term, Borrower shall prepare and submit to HACOLA, any financial, program progress, monitoring, evaluation or other reports (including, but not limited to, documents related to construction and project financing) reasonably required by HACOLA or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to HACOLA within such seventy-two- (72-) hour period, then within a reasonable time thereafter. Borrower shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of HACOLA representatives, may be relevant to a question of compliance with this Agreement, the CC&Rs or the Deed of Trust. Borrower shall retain all existing records and data relating to the Project until expiration of the Term.

In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification. From and after the date hereof, Borrower shall indemnify, defend and save harmless HACOLA and HACOLA's board members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense, including reasonable defense costs and legal fees of counsel acceptable to HACOLA (collectively, "**Claims**"), including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Borrower's ownership of the Site or the Project, (ii) result directly or indirectly from Borrower's ownership of the Site or the Project, or (iii) result directly or indirectly from HACOLA's entering into this Agreement and/or making the Loan to Borrower; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of HACOLA.

9.5 Audit by State and Federal Agencies. In the event this Agreement or the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Borrower shall comply with such inspections and pay on behalf of itself and HACOLA the full amount of the cost to the inspecting agency which result from such inspections, if any, unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of HACOLA.

9.6 Program Evaluation and Review. Borrower shall allow HACOLA authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interviewing of Borrower's staff, tenants, and other program participants, as reasonably required by HACOLA during the Term.

Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

9.8 Insurance. Without limiting Borrower's indemnifications of HACOLA provided in this Agreement, Borrower shall procure and maintain at its own expense during the Term the insurance described below. Such insurance shall be secured from carriers admitted in California or Surplus Lines Carrier having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to HACOLA certificates of insurance with original endorsements evidencing the general liability insurance coverage required by this Agreement. Borrower shall deliver satisfactory evidence of issuance of Builder's Risk – Special Form property insurance described in (2) below and worker's compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. HACOLA reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to HACOLA and may provide for such deductibles as may be acceptable to HACOLA. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will protect HACOLA, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that HACOLA is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance. Borrower shall give HACOLA immediate notice of any insurance claim or loss which may be covered by insurance. Upon completion of construction, Borrower shall purchase a Commercial Property Policy – Special Form with a lien holder's endorsement for the entire amount of the loan.

(1) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate), including products and completed operations coverage. HACOLA and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to HACOLA. If required by HACOLA from time to time, Borrower shall increase the limits of Borrower's liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of HACOLA.

(2) Property Insurance: Builders Risk Special Form property insurance. Coverage shall include protection for earthquake and flood if this protection is available from responsible carriers at reasonable cost. HACOLA shall be the loss payee under the aforementioned policy(ies) under a standard lender's lien holder's endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property while property is under construction and the insurer shall waive any coinsurance via an "agreement" endorsement. Upon completion of construction, Borrower shall purchase a Commercial Property Policy – Special Form with a lien holder's endorsement for the

including, without limitation, the following, each of which is subject to HACOLA's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to HACOLA, certifying to HACOLA that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) evidence satisfactory to HACOLA that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "L", Construction Requirements, and shall conform to the layout and design as approved by HACOLA. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by HACOLA or any other applicable governmental authority in connection with the Project.

#### 10.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

10.1 Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenants shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 55-year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of operating the Project as a residential development with the number of dwelling units and, with respect to the designated units to be assisted as consideration for the Loan ("**Assisted Units**"), the tenant income levels, to be as specified in the Transaction Summary above and in the CC&Rs. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Very-Low Income Households" as specified in the Transaction Summary above and in the CC&Rs (households meeting the applicable criteria are occasionally referred to as "**Eligible Households**"). Assisted Units shall be dispersed throughout the Project, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units, if any, which are not Assisted Units. Subject to the reasonable approval of HACOLA's Executive Director (or his designee) the location of the Assisted Units within the Project may be changed from time to time by Borrower. The covenants described in this Section 10.1 shall remain in effect throughout the 55-year term of the CC&Rs, notwithstanding the earlier repayment of the Loan by Borrower.

"**Very Low Income Households**" shall mean Very Low Income Households whose gross annual incomes do not exceed forty percent (40%) of Area Median Income.

"**Very Very Low Income Households**" shall mean Very Low Income Households whose gross annual incomes do not exceed thirty-five percent (35%) of Area Median Income.

"**Affordable Housing Cost**" shall mean, as to each Eligible Household, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

(i) for a Very Low Income Household, the product of thirty percent (30%) times forty percent (40%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; and

(ii) for a Very Very Low Income Household, the product of thirty percent (30%) times thirty-five percent (35%) of Area Median Income adjusted for family size appropriate to the Assisted Unit.

development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions or the restrictions contained in this Agreement or the Deed of Trust. Furthermore, Borrower and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

Borrower shall, at its expense, (i) maintain all improvements and landscaping on the Site in good working order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project (which must be approved by HACOLA before being incorporated into the Construction Contract) (such approved plans, the "Plans") and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and tenant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment of the Project.

#### **11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.**

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Borrower itself or any person claiming under or through Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

##### **11.1 Form of Nondiscrimination and Nonsegregation Clauses.**

Borrower shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing,

Notwithstanding the foregoing, if the Project receives funding through an allocation of state and/or federal low income housing tax credits, HACOLA hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in Borrower to an equity investor and subsequent transfers of limited partner's interests; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Borrower to either of its general partners; and (iii) removal of any general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as it may be amended from time to time, provided that any replacement general partner is approved by HACOLA, which approval shall not be unreasonably withheld.

## 15.0 EVENTS OF DEFAULT AND REMEDIES.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("**Event of Default**"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of the Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from HACOLA (or from any party authorized by HACOLA to deliver such notice as identified by HACOLA in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a thirty- (30-) day period, it shall be deemed cured if Borrower commences the cure within said thirty- (30-) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described cure periods shall not apply to any Event of Default described in Sections 15(A)(3) through 15(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Agreement, the Note, or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner, or majority shareholder, of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a

any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of HACOLA and its counsel to protect the interests of HACOLA and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to HACOLA is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as HACOLA may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by HACOLA. In order to entitle HACOLA to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

D. HACOLA Default and Borrower Remedies. Upon fault or failure of HACOLA to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from HACOLA of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;

(2) Bring an action in equitable relief seeking the specific performance by HACOLA of the terms and conditions of this Agreement or seeking to enjoin any act by HACOLA which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from HACOLA arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

16.0 Reserved.

17.0 INTENTIONALLY OMITTED

18.0 RIGHT OF ACCESS AND INSPECTION.

HACOLA shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If HACOLA in its reasonable discretion determines that any work or materials are not in conformity with this Agreement or any Applicable Governmental Restrictions, or the Project is not being operated in conformity with this Agreement or any Applicable Governmental Restrictions, HACOLA may at its election, after notice to and



With a copy to: Bingham & McCutchen LLP  
355 South Grand Avenue, Suite 4400  
Los Angeles, CA 90071  
Attn: Lance Bocarsly  
Fax No. (213) 680-6499

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

23.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

24.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the Note; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement.

25.0 NO WAIVER; CONSENTS.

Any waiver by HACOLA must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by HACOLA to take action on account of any default of Borrower. Consent by HACOLA to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for HACOLA's consent to be obtained in any future or other instance.

26.0 GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California.

27.0 REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS OF BORROWER.

Borrower hereby represents, warrants and covenants to HACOLA that:

A. Organization and Standing. Borrower is a legal entity as described in the Transaction

approval or disapproval following submission of items to HACOLA for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by HACOLA or any HACOLA official or employee under this Agreement shall be solely for the benefit of HACOLA, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not HACOLA shall be solely responsible for assuring compliance with laws, and the operation of the project.

#### 29.0 GOOD FAITH AND FAIR DEALING.

HACOLA and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

#### 30.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

30.1 Without the prior written approval of HACOLA (or HACOLA's Executive Director), which approval HACOLA may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, HACOLA hereby consents to the events described in the third paragraph of Section 14.0 hereof without Borrower obtaining any further consent from HACOLA. Borrower hereby agrees that any purported Transfer not approved by HACOLA as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

30.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify HACOLA in writing (the "**Transfer Notice**") and shall submit to HACOLA for its prior written approval (i) all proposed agreements and documents (collectively, the "**Transfer Documents**") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to HACOLA sufficient to establish and ensure that all requirements of this Section 30 have been and will be met. No Transfer Documents shall be approved by HACOLA unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that HACOLA consent to the proposed Transfer. HACOLA agrees to make its decision on Borrower's request for consent to such Transfer promptly, and use reasonable efforts to respond not later than thirty (30) days after HACOLA receives the last of the items required by this Section 30. In the event HACOLA consents to a proposed Transfer, then such Transfer shall not be effective unless and until HACOLA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to HACOLA. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the Loan Documents accruing subsequent such effective date.

30.3 Notwithstanding anything in this Agreement to the contrary, Borrower agrees that it shall not be permitted to make any Transfer, whether or not HACOLA's consent is required therefor and even if HACOLA has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to HACOLA or at any time thereafter until such Event of Default has been cured.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

**HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr., County Counsel

By: \_\_\_\_\_  
Deputy

**BORROWER:**

**CASA DOMINGUEZ, L.P.**  
A California Limited Partnership

By: Los Angeles Community Design Center,  
a California a non profit corporation,  
its General Partner

By: \_\_\_\_\_  
Holly Phillips, Housing Director

## **EXHIBIT “A” TO LOAN AGREEMENT**

### **DIRECTORY OF DEFINED TERMS**

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 10.1)	Loan Documents (Section 6.2(5))
Agreement (Preamble)	Management Contract (Section 10.3)
Annual Statement (Section 9.9)	Management Entity (Section 10.3)
Applicable Governmental Restrictions (Section 9.1)	Manager (Section 10.3)
Applicable Percentage (Section 2.4)	Maturity Date (Section 2.3)
Area Medium Income (Section 10.1)	Net Proceeds (Section 2.4)
Assignment (Section 2.4)	Net Refinancing Proceeds (Section 2.4)
Assisted Units (Section 10.1)	Note (Section 2.1)
Basic Rate (Section 2.2)	Operating Expenses (Section 9.9)
Borrower (Preamble)	Other Financing (Recital B)
CC&Rs (Section 6.2(3))	Parties (Preamble)
CDC (Section 9.11)	Party (Preamble)
Certificate of Occupancy (Section 6.2(14))	Permitted Senior Encumbrances (Section 6.2(6))
Claims (Section 9.4)	Plans (Section 10.4)
Close of Escrow (Section 6.3)	Project (Recital A)
Closing Conditions (Section 6.2)	Property (Section 5)
Closing Deadline (Section 6.2)	Refinancing (Section 2.4)
Completion of the Project (Section 9.12)	Residual Receipts (Section 2.3)
Construction Contract (Section 6.2(11))	Senior Financing (Recital B)
County (Section 9.11)	Site (Recital A)
Deed of Trust (Section 5)	Subordination Agreement (Section 6.2(7))
Default Rate (Section 2.2)	Term (Section 9.2)
Eligible Households (Section 10.1)	Title Company (Section 6.2(6))
Escrow (Section 6.1)	Transfer (Section 30.1)
Escrow Holder (Section 6.1)	Transfer Documents (Section 30.2)
Event of Default (Section 15A)	Transfer Notice (Section 30.2)
General Contractor (Section 6.2(9))	Very Low Income Households (Section 10.1)
Gross Rents (Section 9.9)	Very Very Low Income Households (Section 10.1)
HACOLA (Preamble)	
Hazardous Materials (Section 9.7)	
Industry Funds (Recital A)	
Junior Financing (Recital B)	
Loan (Recital A)	

**EXHIBIT "C" TO LOAN AGREEMENT**

**PROMISSORY NOTE**

(Please See Attached)

**EXHIBIT "E" TO LOAN AGREEMENT**

**CC&RS**

(Please See Attached)

**EXHIBIT "G" TO LOAN AGREEMENT**

**PROJECT DESCRIPTION**

(Please See Attached)

**EXHIBIT "I" TO LOAN AGREEMENT**  
**SUPPORTIVE SERVICES PLAN**

(Please See Attached)



## **HACOLA REQUIREMENTS**

The Borrower agrees to comply with the following HACOLA requirements:

1. **Termination for Improper Consideration**

HACOLA may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any HACOLA officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, HACOLA shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a HACOLA officer or employee to solicit such improper consideration. The report shall be made either to HACOLA's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

2. **Confidentiality of Reports**

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of HACOLA.

3. **HACOLA's Quality Assurance Plan**

HACOLA will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which HACOLA determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by HACOLA and Borrower. If improvement does not occur consistent with the corrective measure, HACOLA may terminate this Agreement or seek other remedies as specified in this Agreement.

4. **Borrower's Warranty of Adherence to HACOLA's Child Support Compliance Program**

Borrower acknowledges that HACOLA has established a goal of ensuring that all individuals who benefit financially from HACOLA through contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by HACOLA's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement

10. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

11. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

12. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex national origin, ancestry, age, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by HACOLA and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled,

or HACOLA or any other public entity.

- D. If there is evidence that the Borrower may be subject to debarment, HACOLA will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of HACOLA Borrowers.

16. Consideration of GAIN/GROW Participants for Employment

Should Borrower require additional or replacement personnel after the effective date of this Agreement, Borrower shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

17. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

18. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

19. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing

- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach. For the purpose of this Section 21, County also refers to HACOLA.

22. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form included as Exhibit "A," HACOLA seeks to ensure that all HACOLA borrowers that receive or raise charitable contributions comply with California law in order to protect HACOLA and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

## **EXHIBIT "L" TO LOAN AGREEMENT**

### **CONSTRUCTION REQUIREMENTS**

The Borrower's receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the project is conditioned upon the Borrower's adherence to certain construction requirements imposed by HACOLA in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT "L". The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT "L" or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by HACOLA for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

#### **1. Submittals and Review Procedure; Construction Monitoring**

(a) For purposes of this EXHIBIT "L":

(i) "Construction Documents" shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) "Empirical Cost Model" shall mean a cost model which HACOLA may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by HACOLA.

(b) The Borrower's submittal requirements shall include the following:

(i) The Borrower shall submit to HACOLA within 20 days of the execution of this Agreement a project team staffing plan ("Staffing Plan") for review and approval by HACOLA. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to HACOLA within 20 days of the execution of this Agreement a detailed development schedule ("Development Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by HACOLA in a revised schedule to be submitted to HACOLA within 10 days after receiving comments from HACOLA with respect to the original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "L". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "L".

improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, HACOLA staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by HACOLA. HACOLA and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to HACOLA can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to HACOLA in accordance with the Development Schedule a construction contract ("Construction Contract") for review and approval by HACOLA. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as HACOLA may require.

(d) The Construction Management Division of HACOLA will provide oversight monitoring of the Project. The Borrower shall maintain at the job site adequate records and shall permit site access to HACOLA at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies; review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that HACOLA's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for HACOLA's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by HACOLA in connection with its review, inspection and monitoring activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) The Project is designated as a Davis Bacon/public works type project and as such has certain additional bidding and reporting requirements. The Borrower shall consult with the Construction Management Division of HACOLA for detailed requirements. The Borrower shall include all such requirements in the Construction Documents and conduct the bid phase according to such requirements, including the prevailing wage determination or decision in effect at the time of the bid. Prior to going out to bid (advertisement), or award of negotiated bid, the Borrower shall submit to HACOLA the bid package for review and approval, which submittal shall be five days (5) prior to any advertising placement or negotiation discussion, as the case may be. Once bids are received, the Borrower shall prepare a bid evaluation and review all submittals with HACOLA staff for compliance with all applicable Governmental Restrictions.

## 2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by HACOLA and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by HACOLA required to establish the amount

insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to HACOLA.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to HACOLA.

(viii) Any self-insurance program and self-insured retention must be separately approved by HACOLA.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "I" shall constitute an Event of Default under this Agreement and HACOLA may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of HACOLA.

(xi) The Community Development Commission and HACOLA, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "I", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.